

Message Text

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PAGE 01 BAGHDA 00218 170905Z

15

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 /030 W

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R 170618Z FEB 76

FM USINT BAGHDAD

TO SECSTATE WASHDC 2845

USDOC WASHDC

INFO AMEMBASSY AMMAN

AMEMBASSY ATHENS

AMEMBASSY BEIRUT

AMEMBASSY BELGRADE

AMEMBASSY BRUSSELS

AMEMBASSY DAMASCUS

AMCONSUL DUESSELDORF

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY TEHRAN

UNCLAS BAGHDAD 0218

USDOC FOR CAGNE

INFO ADDRESSEES PASS TO US STATE TRADE PROMOTION OFFICES AND
INDIVIDUAL US FIRMS.

E.O. 11652: N.A.

TAGS: EIND, EMIN, EQIP, IZ

SUBJECT: MAJOR PROJECTS IN IRAQ: IRON AND STEEL

REF: STATE 028116 (NOTAL)

1. SUMMARY: IRAQ WOULD WELCOME US PARTICIPATION IN SEVERAL
MAJOR IRON AND STEEL PROJECTS NOW BEING PLANNED: SPECIFICALLY,
(A) PRODUCTION OF 1.5-2 MILLION TONS PER YEAR OF STEEL PLATES AND
(B) 5 MILLION TONS PER YEAR IRON ORE PELLETIZING OPERATION.
NO COMMERCIALLY VIABLE IRON ORE DEPOSITS HAVE YET BEEN DISCOVERED
IN IRAQ. ALL ORES MUST THEREFORE BE IMPORTED. INTERESTED US
FIRMS SHOULD IDENTIFY SELVES TO MINISTRY OF INDUSTRIES IN ORDER
TO BE CONSIDERED FOR DIRECT INVITATION PARTICIPATE IN FUTURE
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PAGE 02 BAGHDA 00218 170905Z

PROJECTS. END SUMMARY

2. FOLLOWING REPLIES TO REFTEL. NO FQNTHER GEOLOGICAL DATA AVAILABLE TO USINT.

3. FEBRUARY 15TH USINT E-C OFFICER CALLED ON MR. ABDUL MUTALIB AL-MAJID, HEAD, IRON AND STEEL DEPARTMENT, STATE ORGANIZATION FOR INDUSTRIAL DESIGN AND CONSTRUCTION (SODAC), MINISTRY OF INDUSTRIES AND MINERALS, P.O. BOX 5614, BAGHDAD TO REVIEW STATUS OF IRON AND STEEL PROJECTS AND POSSIBILITY OF US INPUTS.

4. MAJID SAID THAT IRON ORE HAS NOT BEEN DISCOVERED IN IRAQ IN COMMERCIALY PRODUCTIVE DEPOSITS. HENCE, CURRENT PLANS CALL FOR 100 PERCENT IMPORT OF ALL REQUIRED ORES. GEOLOGICAL SURVEY WORK CONTINUES, HOWEVER, IN HOPE THAT ORE DEPOSITS WILL BE FOUND.

5. TWO PHASES OF STEEL MIL COMPLEX ARE NOW UNDER WAY. FIRST PHASE, TO MANUFACTURE 400,000 TONS PER YEAR OF REINFORCING BARS AND STRUCTURAL STEEL, HAS BEEN AWARDED TO CREUSOT LOIRE OF FRANCE. SECOND PHASE WILL INVOLVE PLANT TO PRODUCE 600,000 TONS PER YEAR OF REINFORCING BARS. BIDS HAVE BEEN SOLICITED DIRECTLY AND WILL BE ACCEPTED UP TO MARCH 31, 1976. NO AMERICAN COMPANIES WERE INVITED. LIST OF INVITEES INCLUDES THREE GERMAN AND ONE JAPANESE FIRMS. IN REPOSE TO QUESTION MAJID SAID THAT IT IS PROBABLY TOO LATE FOR AMERICAN FIRMS TO PUT IN MEANINGFUL BIDS ON PHASE TWO BUT HE DID NOT FLATLY RULE OUT CONSIDERATION OF EXPRESSIONS OF INTEREST FROM US FIRMS SHOULD THEY CHOSE TO OFFER THEM.

6. MAJID DID, HOWEVER, SAY THAT ANOTHER FOUR OR FIVE PROJECTS ARE NOW BEING FIRMED UP IN WHICH AMERICAN PARTICIPATION WOULD DEFINITELY BE WELCOME. ONLY ONE PROJECT IS, HOWEVER, FAR ENOUGH ALONG TO BE DISCUSSED WITH US FIRMS: A PROJECT TO MANUFACTURE 1.5 MILLION TONS PER YEAR OF STEEL PLATES.

7. IN REPLY TO QUESTIONS RAISED REFTEL ABOUT IRON ORE PELLETIZING PLANT, MAJID SAID THAT PROJECT IS IN ADVANCED STUDY STAGE BUT HAS NOT YET BEEN FORMALLY PROPOSED TO MINISTRY OF PLANNING BY MAJID'S DEPARTMENT. SAID CURRENT THINKING IS TO DEVELOP PROJECT IN TWO STAGES; FIRST STAGE WOULD CREATE MINIMUM VIABLE PRODUCTIVE CAPACITY (1.5 - 2 MILLION TONS PER

UNCLASSIFIED

PAGE 03 BAGHDA 00218 170905Z

YEAR); TO BE INCREASED IN SECOND STAGE TO 5 MILLION TONS PRODUCTION PER YEAR.

8. MAJID SAID THAT MINISTRY OF INDUSTRY HAS BEEN INSTRUCTED TO GIVE EQUAL ACCESS TO AMERICAN FIRMS ON ALL PEOJECTS. RESULTS OF INTERNATIONAL BIDS ARE TO BE DECIDED SOLELY ON MERITS OF TECHNOLOGY AND COST. HE ADDED THAT ONLY US FIRMS WHICH HAS SHOWN ACTIVE INTEREST IN IRON AND STEEL PROJECTS IN IRAQ IS

KOPPERS COMPANY INC. OF PITTSBURGH. IN RESPONSE TO QUESTION, HE SAID THAT MINISTRY SAW SPECIAL MERIT IN BIDS IN WHICH AMERICAN FIRMS MADE JOINT VENTURE PROPOSALS WITH YUGOSLAVS-- AS YUGOSLAV CIVIL ENGINEERING CAPACITY IS HIGHLY REGARDED IN IRAQ.

9. MAJID SUGGESTED THAT AMERICAN FIRMS INTERESTED IN PENDING IRON AND STEEL PROJECTS IN IRAQ SO IDENTIFY THEMSELVES BY LETTER OR CABLE TO MR. ADNAN AL-KINDI, PRESIDENT, SOIDAC (SEE ADDRESS PARA THREE). ALL FUTURE BIDDING WILL BE SOLICITED DIRECTLY RATHER THAN THROUGH OPEN CALL FOR TENDERS.

10. FINALLY, MAJID CONFIRMED THAT ALL IRON AND STEEL COMPLEXES UNDER DISCUSSION FOR IRAQ WILL BE CENTERED IN OR NEAR KHOR AL ZUBAIR AREA 40 KM SOUTHWEST OF BASRA. A "NEW TOWN" (BAKR CITY, NAMED AFTER PRESIDENT OF IRAQ) WILL BE BUILT TO HOUSE POPULATION OF 250,000 PERSONS.

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